

REPORT

**Franklinton Area Economic
Development Foundation, Inc.**

Franklinton, Louisiana

**Compiled Financial Statements
For the Years Ended
October 31, 2009 and October 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/10/10

WILLIAM R DURDEN

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438

**FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Franklinton, Louisiana**

**Financial Statements
As of and for the Years Ended
October 31, 2009 and October 31, 2008
With Supplemental Information Schedule**

C O N T E N T S

	<u>Page No.</u>
ACCOUNTANT'S COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activity and Change in Net Assets	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6 – 11
SUPPLEMENTAL INFORMATION	
Statement of Revenue, Expenses, and Other Changes In Assets –Budget/Actual Schedule I	12
Schedule of Board Members Compensation	13

WILLIAM R. DURDEN

Certified Public Accountant

820 11TH AVENUE
FRANKLINTON, LOUISIANA 70438
(985)839-4413
FAX (985)839-4402

MEMBER
A.I.C.P.A.

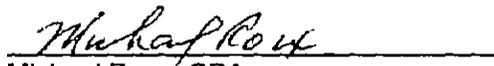
MEMBER
L.C.P.A.

To the Board of Franklinton Area
Economic Development Foundation, Inc.
Franklinton, Louisiana

I have compiled the accompanying statements of the net assets of the Franklinton Area Economic Development Foundation, Inc. (a nonprofit organization) as of October 31, 2009 and October 31, 2008, and the related Statements of Financial Position, Statement of Activity and Changes in Net Assets and the Statements of Cash Flows for the years then ended, and the accompanying supplementary information in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. I have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

I am not independent with regards to Franklinton Area Economic Development Foundation.


Michael Roux, CPA

February 19, 2010

FINANCIAL STATEMENTS

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF OCTOBER 31

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 40,727	\$ 250,881
Investments	486,838	86,730
Receivables, net		
Note Receivable	-	25,000
Capital Lease Receivable- Current Portion	33,659	31,861
Accrued Interest	1,064	
Total Current Assets	<u>562,288</u>	<u>394,472</u>
Capital Lease Receivable -Long Term Portion	303,732	337,391
Equipment and Furnitures, Net	-	139
Other Assets - Utility Deposit	150	150
Total Assets	866,170	732,152
LIABILITIES		
Current liabilities:		
Accounts payable	2,640	1,320
Total current liabilities	<u>2,640</u>	<u>1,320</u>
Net Assets		
Unrestricted:		
Operating		730,693
Investment in fixed assets	863,530	139
Total net assets	<u>863,530</u>	<u>730,832</u>
Total Liabilities and Net Assets	<u>\$ 866,170</u>	<u>\$ 732,152</u>

See accompanying notes and accountants' compilation report.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
AS OF OCTOBER 31,

	<u>2009</u> <u>Unrestricted</u>	<u>2008</u> <u>Unrestricted</u>
Operating Revenues		
Public Support		
Garbage tax received through the Town of Franklinton	\$ 141,625	\$ 112,177
Grant - State	-	300,000
Service and Fees		
Membership Fees	8,621	9,500
Investments Income		
Interest on Cash and Investments	12,083	9,223
Interest on Capital Leases	19,515	17,565
Other Revenues		1,500
Total Operating Revenues	<u>181,844</u>	<u>449,965</u>
Operating Expenses		
Program Service	25,136	522,534
Management and General	21,663	11,158
Fund Raising	2,348	2,983
Total Operating Expenses	<u>\$ 49,147</u>	<u>536,675</u>
Change in Net Assets From Operating	<u>\$ 132,697</u>	<u>(86,710)</u>
Special Items		
Gain on Capital Leases of previously financed building through the Town of Franklinton	-	394,483
Change in Net Assets	132,697	307,773
Net Assets as of Beginning of Year	<u>730,832</u>	<u>423,059</u>
Net Assets as of End of Year	<u>\$ 863,529</u>	<u>\$ 730,832</u>

See accompanying notes and accountant's compilation report.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
As of OCTOBER 31, 2009

<u>Expenses</u>	<u>Program Service</u>	<u>Support Service</u>		<u>Total Expenses</u>
	<u>Industrial Dev.</u>	<u>General Adm.</u>	<u>Fund Raising</u>	
Contract Labor	25,136	7,708	670	33,514
Accounting and Audit		4,345		4,345
Depreciation		139		139
Dues & subscriptions		120		120
Contribution		1,300		1,300
Insurance		1,249		1,249
Office supplies & expenses		718		718
Maintenance of Office		1,560		1,560
Telephone		1,338		1,338
Utilities		1,439		1,439
Miscellaneous		1,747		1,747
Annual meeting			1,678	1,678
Total Expenses	<u>25,136</u>	<u>21,663</u>	<u>2,348</u>	<u>49,147</u>

See Accountant's Compilation Report.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the years ended October 31

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 132,697	\$ 307,773
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	139	278
Changes in operating assets and liabilities		
(increase) decrease in receivables	25,000	25,000
(increase) decrease in leases receivables	31,861	(369,252)
Increase (decrease) other assets	(63)	527
Increase (decrease) in account payable	1,320	120
Net Cash Provided by Operating Activities	<u>190,954</u>	<u>(35,554)</u>
Cash Flows From Investing Activities		
Transfer from investment		249,770
Transfer to investment	(400,108)	
Net Cash Flows From Investment Activities	<u>(400,108)</u>	<u>249,770</u>
Net Change in Cash and Cash Equivalents	(209,154)	214,216
Cash and Cash Equivalents - Beginning of Year	250,881	36,665
Cash and Cash Equivalents - End of Year	<u><u>41,727</u></u>	<u><u>250,881</u></u>

See accompanying notes and accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Franklinton Area Economic Development Foundation, Inc. (the Foundation) was organized as a nonprofit corporation on February 15, 1991, under the laws of the State of Louisiana. The Foundation's purpose is to promote economic development in the Franklinton area through encouraging manufacturing, processing and service firms to locate in the Franklinton area and render assistance to promote stability and growth to Franklinton area firms and industry that are currently providing employment opportunities. The Foundation's primary support is derived from a parish sales tax rededication concerning the landfill operating excess revenues, which flows through the Town of Franklinton from the Washington Parish Government. The Town of Franklinton allocates these funds based on a percentage established each year by the Board of Alderman. The Town is required to provide this percentage 90 days prior to December 1st.

The Foundation is a tax exempt organization as described in Section 501(a) of the Internal Revenue Code and thus, is exempt from federal and state income taxes.

Public Support and Revenue

Annual membership is available to individuals and businesses who meet the membership qualifications of completing a membership application, subject to approval by the Board of Directors, and paying the annual dues amount. *Each member in good standing shall be entitled to one vote.* Membership fees are generally available for unrestricted use and recognized as revenue when received.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a "flow of economic resources" measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the Statement of Net Assets. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with the modified cash receipts and disbursements basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2009

Property and Equipment

Property and equipment is carried at cost. Depreciation is provided using the straight – line method over the estimated useful lives of the assets. The following useful lives are 5,7, and 10 years.

Income Taxes

Income taxes are not provided for in the financial statements since the Foundation is exempt from federal and state income taxes under code section 501(a) of the Internal Revenue Code and similar state provisions. The Foundation is also exempt from filing an annual report, form 990, with the Internal Revenue Service under Rev. Proc. 95-48, Section 3.1, due to the fact that the majority of its income is derived from a distribution of sales tax from the Town of Franklinton.

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value, and consist solely of Certificates of Deposit at local, Washington Parish financial institutions. The certificates have varying dates of maturity from 6 to 24 months.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information

The Foundation does not have a formal policy on adopting a budget. The budget for year ending October 31, 2009 was adopted at the Foundation's November 11, 2008 regular meeting. The Foundation was amended at October 13, 2009, meeting. All appropriations lapse at year-end. The Foundation was in compliance with the Budget Act that requires that an agency's actual revenues and expenditures dose not vary more than 5%.

NOTE 3: CASH and CASH EQUIVALENT

The following is a summary of cash and cash equivalents at October 31, 2007:

Demand Deposits	<u>\$ 40,727</u>
Time Deposits	<u>\$ 486,838</u>
	 <u>\$ 527,565</u>

These deposits are stated at cost, which approximates market. Under state law these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all time equal the amount on deposit with fiscal agent.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2009

At October 31, 2009, the Foundation has \$527,560 (collected bank balances). These deposits are secured from risk by \$527,560 of federal deposit insurance from various banks that has certificate deposits for the foundation. Federal Deposit security per bank: Citizen \$150,000, Hancock \$140,722, Zello Saving \$76,838, Whitney \$100,000, and Resource \$50,000.

Even though the pledged securities are considered uncollateralized (category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Foundation that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4: NOTES RECEIVABLE

Notes receivable is represented by an unsecured promissory note due from HBTB, LLC. The original note of \$100,000 was dated July 20, 2004. Payment, plus interest at 4%, is to be made annually, over a five year period.

Terms of the note show that the loan will be interest-free providing borrower adds five (5) new employees a year, starting with the second year. Should the borrower add less than five (5) permanent jobs per year, after the first year, the interest rate reduction will be made based on the following schedule:

Five (5) Jobs	100% Reduction
Four (4) Jobs	80% Reduction
Three (3) Jobs	60% Reduction
Two (2) Jobs	40% Reduction
One (1) Job	20% Reduction
Zero (0) Jobs	0% Reduction

If the borrower adds at least Twenty-five (25) new and permanent jobs over the entire five (5) year period, no interest shall be due on the note and any annual interest paid by the borrower, over the period of the note, shall be reimbursed by the Foundation at the end on the five year period..

Following are the payments which have been made by HBTB, LLC since the inception of the loan:

<u>Payment Date</u>	<u>Interest</u>	<u>Principle</u>	<u>Balance</u>	<u>New Jobs</u>
8/31/2006	\$ 4,000.00	\$ 25,000	\$ 75,000	-
8/31/2007	3,000.00	25,000	50,000	-
8/31/2008	2,000.00	25,000	25,000	-
8/31/2009	1,000.00	25,000	-	-

At October 31, 2007 the Foundation is contingently liable for \$9,000, should the borrower add 25 new jobs in the next two years.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2009

NOTE 5: Long Term Capital Lease Receivable

During the fiscal year ending October 31, 2008, the Franklinton Area Economic Development Foundation contributed funds from State grant and other contribution from foundation for the construction of building for Grand Isle Shipyard Inc. The Town of Franklinton and Grand Isle Shipyard Inc. entered into a joint capital lease for fiscal year ending October 31, 2008. See note 7 for more detail on funding and State grant.

The total lease is for 452,600 after imputed interest of 5.5% on 120 payments of \$5,708.34 ending in December 2017, totaling \$685,000.

The Franklinton Area Economic Development Foundation will receive seventy five percent and the Town of Franklinton will receive twenty five percent of all principal and interest payments with expected payments to be received as follows:

Fiscal Year Ending	Principal			Interest			Payments Expected		
	Town of Franklinton	FAEDF	Total	Town of Franklinton	FAEDF	Total	Town of Franklinton	FAEDF	Total
10/31/08	8,416	25,248	33,664	5,855	17,565	23,420	14,271	42,813	57,084
10/31/09	10,620	31,861	42,481	6,505	19,514	26,019	17,125	51,375	68,500
10/31/10	11,220	33,659	44,879	5,905	17,716	23,621	17,125	51,375	68,500
10/31/11	11,852	35,557	47,409	5,273	15,818	21,091	17,125	51,375	68,500
10/31/12	12,521	37,563	50,084	4,604	13,812	18,416	17,125	51,375	68,500
10/31/13	13,227	39,682	52,909	3,898	11,693	15,591	17,125	51,375	68,500
10/31/14	13,973	41,920	55,893	3,152	9,455	12,607	17,125	51,375	68,500
10/31/15	14,762	44,285	59,047	2,363	7,090	9,453	17,125	51,375	68,500
10/31/16	15,594	46,783	62,377	1,531	4,592	6,123	17,125	51,375	68,500
10/31/17	16,474	49,422	65,896	651	1,953	2,604	17,125	51,375	68,500
10/31/18	2,834	8,503	11,337	20	59	79	2,854	8,562	11,416
	<u>131,493</u>	<u>394,483</u>	<u>525,976</u>	<u>39,757</u>	<u>119,267</u>	<u>159,024</u>	<u>171,250</u>	<u>513,750</u>	<u>685,000</u>

	Capital Lease Receivable	Due Within One Year
Gross Capital Lease Receivable for year ended October 31, 2008	\$ 369,252	\$ 44,879
Amount of Gross Capital lease due to Town of Franklinton for year October 31, 2009	<u>(31,861)</u>	<u>(11,220)</u>
Net Capital Lease Receivable for the year ended October 31, 2009	<u>\$ 337,391</u>	<u>\$ 33,659</u>

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2009

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Balance 11/1/2009	Additions	Deletions	Balance 10/31/2009
Furniture and Fixtures	\$ 147.84	\$ -	\$ -	\$ 147.84
Office Equipment	5,103.97	-	-	5,103.97
Sign	1,003.73	-	-	1,003.73
Less: Accum. Depreciation	<u>(6,116.77)</u>	<u>(138.77)</u>	<u>-</u>	<u>(6,255.54)</u>
	<u>\$ 138.77</u>	<u>\$ (138.77)</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7: INVESTMENT IN INDUSTRIAL PARK

The Foundation and the Town of Franklinton enter into an agreement to construct a building in the Franklinton Industrial Park for Grand Isle Shipyard, Inc. at a cost of \$400,000. The Foundation has already provided funds for fencing, engineering, and other cost. The total cost of the project will be approximately \$685,000. The Foundation provided the funds for the project.

On December 11, 2007 the Town of Franklinton and Grand Isle Shipyard, Inc. enter into a lease purchase agreement, for the building. Grand Isle Shipyard, Inc agreed to pay the Town \$5,708.33 per month for ten years with an option to purchase at anytime during the 10 year period.

The Foundation and the Town of Franklinton agreed to divide the monthly lease of \$5708.33 (less fire and hazard insurance premium) 75% and 25%, respectively, until such time as Grand Isle Shipyard, Inc. decides to purchase the building & land. At that time the balance due (\$685,000 less payments made) will also be divided by the same 75% and 25% ratio.

The EDAP awarded a sum of \$300,000, starting as a **Loan** which may be converted to a **Grant** if the employment and payroll obligations undertaken in this agreement are reached by the company, based on company projected creation over the next three years of 45 additional new permanent full time jobs filled with employees, all at a total cumulative annual payroll level of \$2,575,000.

The Sponsoring Entity and the Company will be required to repay the loan award amount, being the principle sum of \$300,000, which shall bear interest at current U. S. Treasury Rate for 5-year bank financing, being 5.37% per annum from the date the funds are advanced until paid, but parties will be given a "Jobs Credit " on this loan obligation in the amount of \$6,667 for each of the 45 new permanent full time jobs that the company creates and fills with an employee at its new Franklinton, Louisiana facility within the three year term agreed to, beginning not later than January 1, 2009 and continuing through December 31, 2011, and retains this employment and annual payroll level agreed upon through December 31, 2012.

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
Notes to Financial Statements
October 31, 2009

In the event that the company meets these goals, this loan award shall in effect be converted to a grant, the principle and interest shall be waived and no cash repayment will be required, otherwise the balance remaining on the loan, after appropriate "jobs credits" for those jobs that have been created and filled by the company have been given, shall be repaid by the company in full at termination of the three year employment period, being December 31, 2011.

NOTE 8: CONTRIBUTED SERVICES

On October 10, 1996, the Washington-St. Tammany Electric Cooperative, Inc., agreed to furnish the building for the office for the Franklinton Area Economic Development Foundation, Inc. There is no formal lease agreement, nor is any time period specified in the letter of donation from the Cooperative.

NOTE 9: INTERGOVERNMENTAL AGREEMENT

On June 23, 1992, the Town of Franklinton and the Franklinton Area Economic Development Foundation, Inc., entered into an agreement whereby, in exchange for certain services, in connection with economic development, in the Franklinton area, the Town obligates itself to make certain payments to the Foundation. The agreement was amended October 9, 2001, requiring the Foundation to make available for inspection and review by the Town's auditor, Mayor and Aldermen or duly authorized representatives, its books and records. In addition, the Foundation shall provide a copy of their annual financial statements completed by an independent certified public accountant or the Legislative Auditor of the State of Louisiana to the Town. The activities of the Foundation will be reported to the Town after each monthly meeting by the Town's representative appointed to the Foundation board. The Foundation also agrees that if the Foundation dissolves or ceases to function as an economic development arm of the Town of Franklinton, all funds under its control at that time which were received from the Town shall revert to the Town of Franklinton in full ownership and control. The Town of Franklinton remitted to the Foundation 50% of the funds received from the Washington Parish Government for excess sales tax collections over operating expenses of the parish landfill operation, for the year ended June 30, 2007. The funds, totaling \$112,176.75, were received by the Foundation in April 2008.

NOTE 10: LITIGATION AND CLAIMS

As of October 31, 2009, there were no litigations or claims against the Foundation.

NOTE 11: RELATED PARTY TRANSACTIONS

The Franklinton Area Economic Development Foundation, Inc., had no related party transactions during the period covered by these financial statements.

SUPPLEMENTARY INFORMATION

FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, INC.
STATEMENTS OF REVENUE, EXPENSES, AND OTHER CHANGES
IN NET ASSETS - BUDGET/ACTUAL - SCHEDULE I
For the year ended October 31, 2009

	<u>ORIGINAL BUDGET</u>	<u>Amended BUDGET</u>	<u>ACTUAL</u>	<u>Variance</u>
Public Support, Dues, and Revenues				
Public Support				
Garbage tax received through the Town of Franklinton	\$ 75,000	\$ 141,625	\$ 141,625	\$ -
Service and Fees				
Membership Fees	7,180	7,000	8,621	1,621
Investments Income				
Interest on Cash and Investments	12,000	11,200	12,083	883
Interest on Capital Leases	51,000	25,000	19,515	(5,485)
Miscellaneous	2,000	2,000		(2,000)
Total Operating Revenues	<u>147,180</u>	<u>186,825</u>	<u>181,844</u>	<u>(4,981)</u>
Operating Expenses				
Program Service	29,322	25,322	25,136	186
Management and General	274,143	24,143	21,663	2,480
Fund Raising	3,270	3,270	2,348	922
Total Operating Expenses	<u>306,735</u>	<u>52,735</u>	<u>49,147</u>	<u>3,588</u>
Change in Net Assets	(159,555)	134,090	132,697	1,393
Net Assets as of Beginning of Year	<u>730,832</u>	<u>730,832</u>	<u>730,832</u>	<u>-</u>
Net Assets as of End of Year	<u>571,277</u>	<u>864,922</u>	<u>\$ 863,529</u>	<u>\$ 1,393</u>

See accompanying notes and accountant's compilation report.

**FRANKLINTON AREA ECONOMIC DEVELOPMENT FOUNDATION, I
COMPENSATION PAID BOARD MEMBERS
October 31,2009**

The schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No 54 of the 1979 Session of the Louisiana Legislature. Board members were not paid compensation in any form. Board members are elected every year at annual meeting.

Coylean G. Schloegel
Washington-St Tam. Electric Coop.
P.O. Box N
Franklinton, 70438

Don Spears
Moore & Jenkins Ins.
1018 Main Street
Franklinton, La. 70438

Glenn Blackwelder
Magee Financial
1001 Washington
Franklinton La.70438

Bobby McDaniel
1804 12st.
Franklinton La.70438

T.J. Butler Jr.
Washington Parish School Board
727 18th St.
Franklinton La.70438

Rickey Magee
M. Magee Furn.
504 Ninth Ave
Franklinton La.70438

Conrad Flowers
Riverside Medical Cyr.
Franklinton, 70438

Linda Jenkins
Good Samariyan Nursing Home
2675 Washington St.
Franklinton, 70438

Mike Gill
Farm Bureau Ins.
424 11th Ave.
Franklinton, 70438

Walter W. Smith
30157 Hwy 105
Mt. Hermon, La. 70450

Huey Beverly
220 Main St.
Franklinton, 70438

Richard N. Thomas
Wash. Par. Council President
909 Pearl St
Franklinton, 70438

Henry Harrsion
County Agent
26212 Old Columbia

Keith Waddell
119 Fleetwood Drive
Franklinton, 70438

Lavern Jenkins
Dairy Farmer of America
53431 Hwy 436
Angie, La. 70426

Wayne Patten
Patten's Metal Express
Franklinton, 70438

See Accountant's Compilation Report.